



General Assembly

February Session, 2010

Raised Bill No. 65

LCO No. 517

00517_____LAB

Referred to Committee on Labor and Public Employees

Introduced by:
(LAB)

***AN ACT CONCERNING UNEMPLOYMENT COMPENSATION
EXTENDED BENEFITS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-225 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) Each contributing employer who is subject to this chapter shall
4 pay to the administrator contributions, which shall not be deducted or
5 deductible from wages, at a rate which is established and adjusted in
6 accordance with the provisions of section 31-225a, stated as a
7 percentage of the wages paid by said employer with respect to
8 employment. In no event shall any employer be required to pay
9 contributions on any amount of wages for which said employer has
10 previously paid contributions.

11 (b) Contributions shall be payable quarterly or for such shorter
12 periods of not less than four weeks as the administrator may
13 determine, provided no such contribution period shall include parts of
14 two calendar quarters.

15 (c) Each contribution payment shall be made on or before the last
 16 day of the month next following the end of the period of employment
 17 with respect to which it is made. The administrator may make and
 18 publish regulations with reference to the details of the computation
 19 and payment of such contributions. Indian tribes or tribal units, which
 20 units include subdivisions, subsidiaries or business enterprises wholly
 21 owned by such Indian tribes, subject to subparagraphs (C) and (E) of
 22 subdivision (1) of subsection (a) of section 31-222 and this section after
 23 December 20, 2000, shall pay contributions under the same terms and
 24 conditions as all other subject employers, unless they elect to pay into
 25 the Unemployment Compensation Fund amounts equal to the amount
 26 of benefits attributable to service in the employ of the Indian tribe.

27 (d) In lieu of contributions required of employers subject to this
 28 chapter, the state shall pay into the Unemployment Compensation
 29 Fund an amount equivalent to the amount of benefits charged to the
 30 state as provided in section 31-225a, or may at its option make
 31 payments as provided in subdivision (1) of subsection (g) of this
 32 section for all regular and additional benefits, except that the state shall
 33 pay one hundred per cent of all extended benefits paid that are
 34 attributable to service in its employ. The amount of payments required
 35 under this section to be made into the fund shall be ascertained by the
 36 administrator as soon as practicable after the end of each calendar
 37 quarter and shall be payable from the General Fund of the state, except
 38 as provided hereafter. If a claimant to whom benefits were paid was
 39 paid wages by the state during the base period from a special or
 40 administrative fund provided for by law, the payment into the
 41 Unemployment Compensation Fund shall be made from such special
 42 or administrative fund with the approval of the Secretary of the Office
 43 of Policy and Management. The payment by the state into the fund
 44 shall be made at such times and in such manner as the administrator
 45 may determine and prescribe.

46 (e) In lieu of contributions required of employers subject to this
 47 chapter, Indian tribes, towns, cities and other political and

48 governmental subdivisions of the state and of the towns and cities may
49 pay into the Unemployment Compensation Fund an amount
50 equivalent to the amount of benefits charged to such Indian tribe,
51 town, city or other political or governmental subdivision as provided
52 in section 31-225a, or may at its option make payments as provided in
53 subdivision (1) of subsection (g) of this section for all regular and
54 additional benefits, except that such entities shall pay one hundred per
55 cent of all extended benefits paid that are attributable to service in their
56 employ, provided Indian tribes shall determine if reimbursement for
57 benefits paid is to be elected by the tribe as a whole, by individual
58 tribal units or by combinations of the individual tribal units. The
59 amount of payments required under this section to be made into the
60 fund shall be ascertained by the administrator as soon as practicable
61 after the end of each calendar quarter. The payments by such Indian
62 tribe, town, city or political or governmental subdivision into the fund
63 shall be made quarterly or at such times and in such manner as the
64 administrator may determine and prescribe.

65 (f) Payment of any bill rendered by the administrator under
66 subsection (e) of this section shall be made not later than thirty days
67 after such bill was mailed to the Indian tribe, municipality or political
68 or governmental subdivision concerned, to the chief executive officer,
69 clerk or other official or office having charge of making disbursements,
70 or to the official or office designated by the Indian tribe, municipality
71 or political governmental subdivision as authorized to receive such
72 notices. Payments made under the provisions of subsection (e) of this
73 section shall not be deducted or deductible, in whole or in part, from
74 the remuneration of individuals in the employ of the employer. Past
75 due payments of amounts due hereunder or under subsection (e) of
76 this section shall be subject to the same interest that applies to section
77 31-265 to past due contributions.

78 (1) Indian tribes or tribal units shall be billed for the full amount of
79 benefits attributable to service in the employ of the Indian tribe or
80 tribal unit on the same schedule as other employing units that have

81 elected to make payments in lieu of contributions.

82 (2) Failure of the Indian tribe or tribal unit to make required
83 payments, including assessment of interest and penalty, within ninety
84 days of receipt of the bill, shall cause the Indian tribe to lose the option
85 to make payments in lieu of contributions, as described in subsection
86 (e) of this section, for the following tax year unless payment in full is
87 received or a payment schedule has been approved by the
88 administrator or the administrator's designee before contribution rates
89 for the next tax year are computed.

90 (3) Any Indian tribe or tribal unit that loses the option to make
91 payments in lieu of contributions due to late payment or nonpayment,
92 as described in subdivision (1) of this subsection, shall have the option
93 reinstated if, after a period of one year, all contributions have been
94 made timely, provided no contributions, payments in lieu of
95 contributions for benefits paid, penalties or interest remain
96 outstanding.

97 (4) Failure of the Indian tribe or any tribal unit thereof to make
98 required payments, including assessments of interest and penalty,
99 after all collection activities deemed necessary by the administrator
100 have been exhausted, may cause services performed for such tribe to
101 not be treated as "employment" for purposes of subsection (a) of
102 section 31-222.

103 (5) The administrator may determine that any Indian tribe or tribal
104 unit that loses coverage under subdivision (4) of this subsection may
105 have services performed for such tribe again included as
106 "employment" for purposes of subsection (a) of section 31-222 if all
107 contributions, payments in lieu of contributions, penalties and interest
108 have been paid.

109 (6) The administrator shall notify the United States Internal Revenue
110 Service and the United States Department of Labor of: (A) Any failure
111 of an Indian tribe or tribal unit to make payments required under this

112 section, including assessments of interest and penalty, within ninety
113 days of a final notice of delinquency; and (B) any termination or
114 reinstatement of coverage made under subdivisions (4) and (5) of this
115 subsection.

116 (7) At the discretion of the administrator, any Indian tribe or tribal
117 unit that elects to become liable for payments in lieu of contributions
118 shall be required, within sixty days after the effective date of its
119 election, to: (A) Execute and file with the administrator a surety bond
120 approved by the administrator, or (B) deposit with the administrator
121 money or securities on the same basis as other employers with the
122 same election option.

123 (8) Notices of payment and reporting delinquency to Indian tribes
124 or tribal units pursuant to subsection (f) of this section shall include
125 information that failure to make full payment within the prescribed
126 time frame: (A) Shall cause the Indian tribe to be liable for taxes under
127 the Federal Unemployment Tax Act; (B) shall cause the Indian tribe to
128 lose the option to make payments in lieu of contributions; and (C) may
129 cause any services performed in the employ of the Indian tribe to be
130 excepted from the definition of "employment" as provided in
131 subsection (a) of section 31-222.

132 (g) Benefits paid to employees of nonprofit organizations shall be
133 financed in accordance with the provisions of this subsection. For the
134 purpose of this subsection, a nonprofit organization is an organization
135 or group of organizations described in Section 501(c)(3) of the Federal
136 Internal Revenue Code which is exempt from income tax under
137 Section 501(a) of said code.

138 (1) Any nonprofit organization which, pursuant to subdivision (1)
139 (D) of subsection (a) of section 31-222 is, or becomes, subject to this
140 chapter on or after January 1, 1971, shall pay contributions under the
141 provisions of subsection (a), unless it elects, in accordance with this
142 subparagraph, to pay to the administrator for the unemployment fund
143 an amount equal to the amount of regular and additional benefits and

144 of one-half of the extended benefits paid, that is attributable to service
145 in the employ of such nonprofit organization. (A) Any nonprofit
146 organization which is, or becomes, subject to this chapter on January 1,
147 1971, may elect to become liable for payments in lieu of contributions
148 for a period of not less than one taxable year beginning with January 1,
149 1971, provided it shall file with the administrator a written notice of its
150 election within the thirty-day period immediately following July 1,
151 1971. (B) Any nonprofit organization which becomes subject to this
152 chapter after January 1, 1971, may elect to become liable for payments
153 in lieu of contributions for a period of not less than twelve months
154 beginning with the date on which it so becomes subject by filing a
155 written notice of its election with the administrator not later than thirty
156 days immediately following the date of the determination that it is so
157 subject. (C) Any nonprofit organization which makes an election in
158 accordance with subparagraph (A) or subparagraph (B) of this
159 subdivision shall continue to be liable for payments in lieu of
160 contributions until it files with the administrator a written notice
161 terminating its election not later than thirty days prior to the beginning
162 of the taxable year for which such termination shall first be effective,
163 provided liability for payments in lieu of contributions shall continue
164 for any benefits attributable to service in the employ of such
165 organization while it was electing payments in lieu of contributions.
166 For purposes of benefit ratio and for billing purposes, an organization
167 which terminates its election of payments in lieu of contributions shall
168 be treated as two separate employers. (D) Any nonprofit organization
169 which has been paying contributions under this chapter for a period
170 subsequent to January 1, 1971, may change to a reimbursable basis by
171 filing with the administrator not later than thirty days prior to the
172 beginning of any taxable year a written notice of election to become
173 liable for payments in lieu of contributions. Such election shall not be
174 terminable by the organization for that and the next year. (E) The
175 administrator may for good cause extend the period within which a
176 notice of election, or a notice of termination, must be filed and may
177 permit an election to be retroactive but not any earlier than with

178 respect to benefits paid after December 31, 1970. (F) The administrator,
179 in accordance with such regulations as the administrator may
180 prescribe, shall notify each nonprofit organization of any
181 determination which the administrator may make of its status as an
182 employer and of the effective date of any election which it makes and
183 of any termination of such election. Such determinations shall be
184 subject to reconsideration, appeal and review in accordance with the
185 provisions of this chapter applicable to determination, appeal and
186 review.

187 (2) Payments in lieu of contributions shall be made in accordance
188 with the following provisions: (A) At the end of each calendar quarter,
189 or at the end of any other period as determined by the administrator,
190 the administrator shall bill each nonprofit organization or group of
191 such organizations which has elected to make payments in lieu of
192 contributions for an amount equal to the full amount of regular and
193 additional benefits plus one-half of the amount of extended benefits
194 paid during such quarter or other prescribed period that is attributable
195 to service in the employ of such organization. (B) Payment of any bill
196 rendered under this subsection shall be made not later than thirty days
197 after such bill was mailed to the last-known address of the nonprofit
198 organization or was otherwise delivered to it, unless there has been an
199 application for review and redetermination in accordance with
200 subparagraph (D). (C) Payments made by any nonprofit organization
201 under the provisions of this subsection shall not be deducted or
202 deductible, in whole or in part, from the remuneration of individuals
203 in the employ of the organization. (D) The amount due specified in any
204 bill from the administrator shall be conclusive on the organization
205 unless, within the time prescribed in section 31-241 after the bill was
206 mailed to its last-known address or otherwise delivered to it, the
207 organization files an application for redetermination by the
208 administrator or an appeal in the manner provided in sections 31-241
209 and 31-242 setting forth the grounds for such application or appeal.
210 The administrator or referee, as the case may be, shall promptly review
211 and reconsider the amount due specified in the bill and shall thereafter

212 issue a redetermination or decision, as applicable in any case in which
213 such application for redetermination or appeal has been filed. Any
214 redetermination by the administrator shall be conclusive on the
215 organization unless, within the time prescribed in section 31-241 after
216 the redetermination was mailed to its last-known address or otherwise
217 delivered to it, the organization files an appeal in the manner
218 prescribed in sections 31-241 and 31-242, setting forth the grounds for
219 the appeal. The decision of the referee shall become final on the
220 twenty-second day after the date of its rendition unless the party
221 aggrieved thereby, including the administrator, files an appeal in the
222 manner provided in section 31-249, setting forth the grounds for the
223 appeal. Redeterminations by the administrator shall be governed by
224 the provisions of section 31-243. Proceedings on appeal to the
225 unemployment compensation referee from the amount of a bill
226 rendered under this subsection or a redetermination of such amount
227 shall be in accordance with the provisions of section 31-242 and the
228 decision of the referee shall be subject to the provisions of sections 31-
229 248 and 31-249. (E) Past due payments of amounts in lieu of
230 contributions shall be subject to the same interest that, pursuant to
231 section 31-265 applies to past due contributions; an employer electing
232 reimbursement is subject to the same penalties provided under this
233 chapter as employers paying contributions.

234 (3) If the administrator at any time deems it necessary because of the
235 financial condition of the organization, any nonprofit organization that
236 elects to become liable for payments in lieu of contributions shall be
237 required, within thirty days, to execute and file with the administrator
238 a surety bond approved by the administrator or it may elect instead to
239 deposit with the administrator cash or securities. The amount of such
240 bond or deposit shall be determined in accordance with the provisions
241 of this subdivision. (A) The amount of the bond or deposit required by
242 this subdivision shall be determined by the administrator but shall not
243 exceed a percentage of the organization's annual taxable payroll equal
244 to the maximum rate that any employer liable for contributions during
245 the year involved would have to pay for employment as defined in

246 subsection (b) of section 31-222 for the four calendar quarters
247 immediately preceding the effective date of the election, the renewal
248 date in the case of a bond, or the biennial anniversary of the effective
249 date of election in the case of a deposit of cash or securities, whichever
250 date shall be most recent and applicable. If the nonprofit organization
251 did not pay wages in each of such four calendar quarters, the amount
252 of the bond or deposit shall be as determined by the administrator. The
253 term "cash" includes certified or bank checks or other guaranteed
254 instruments. (B) Any bond deposited under this subdivision shall be in
255 force for a period of not less than two taxable years and shall be
256 renewed with the approval of the administrator, at such times as the
257 administrator may prescribe, but not less frequently than at two-year
258 intervals as long as the organization continues to be liable for
259 payments in lieu of contributions. The administrator shall require
260 adjustments to be made in a previously filed bond as the administrator
261 deems appropriate. If the bond is to be increased, the adjusted bond
262 shall be filed by the organization within thirty days of the date notice
263 of the required adjustment was mailed or otherwise delivered to it.
264 Failure by any organization covered by such bond to pay the full
265 amount of payments in lieu of contributions when due, together with
266 any applicable interest and penalties provided for in subdivision (2)
267 (E) of this subsection, shall render the surety liable on such bond to the
268 extent of the bond, as though the surety was such organization. (C)
269 Any deposit of cash or securities in accordance with this subdivision
270 shall be retained by the administrator in an escrow account until
271 liability under the election is terminated, at which time it shall be
272 returned to the organization, less any deductions as hereinafter
273 provided. The administrator may deduct from the cash deposited
274 under this subdivision by a nonprofit organization or sell the securities
275 it has so deposited to the extent necessary to satisfy any due and
276 unpaid payments in lieu of contributions and any applicable interest
277 and penalties provided for in subdivision (2) (E) of this subsection. The
278 administrator shall require the organization within thirty days
279 following any deduction from a cash deposit or sale of deposited

280 securities under the provisions of this subparagraph to deposit
281 sufficient additional cash or securities to make whole the
282 organization's deposit at the prior level. Any cash remaining from the
283 sale of such securities shall be a part of the organization's escrow
284 account. The administrator may, at any time, review the adequacy of
285 the deposit made by any organization. If, as a result of such review, the
286 administrator determines that an adjustment is necessary, said
287 administrator shall require the organization to make additional deposit
288 within thirty days of written notice of determination or shall return to
289 it such portion of the deposit as the administrator no longer considers
290 necessary, whichever action is appropriate. Disposition of income from
291 securities held in escrow shall be governed by any applicable provision
292 of state law. (D) If any nonprofit organization fails to file a bond or
293 make a deposit, or to file a bond in an increased amount or to increase
294 or make whole the amount of a previously made deposit, as provided
295 under this subdivision, the administrator may terminate such
296 organization's election to make payments in lieu of contributions and
297 such termination shall continue for not less than the four-consecutive-
298 calendar-quarter period beginning with the quarter in which such
299 termination becomes effective; provided the administrator may extend
300 for good cause the applicable filing, deposit or adjustment period by
301 not more than fifteen days.

302 (4) If any nonprofit organization is delinquent in making payments
303 in lieu of contributions as required under subdivision (2) of this
304 subsection, and a bond or security as provided in subdivision (3) of
305 this subsection has not been required, or required and not filed within
306 thirty days, the administrator may terminate such organization's
307 election to make payments in lieu of contributions as of the beginning
308 of the next taxable year, and such termination shall be effective for that
309 and the next taxable year.

310 (5) Each employer that is liable for payments in lieu of contributions
311 shall pay to the administrator for the fund the amount of regular and
312 additional benefits plus the amount of one-half of extended benefits

313 paid that are attributable to service in the employ of such employer. If
314 benefits paid to an individual are based on wages paid by more than
315 one employer and one or more of such employers are liable for
316 payments in lieu of contributions, the amount payable to the fund by
317 each employer that is liable for such payments, shall be an amount
318 which bears the same ratio to the total benefits paid to the individual
319 as the total base period wages paid to the individual by such employer
320 bear to the total base period wages paid to the individual by all of the
321 individual's base period employers.

322 (6) Any two or more employers that have become liable for
323 payments in lieu of contributions may file a joint application to the
324 administrator for the establishment of a group account for the purpose
325 of sharing the cost of benefits paid that are attributable to service in the
326 employ of such employers. Each such application shall identify and
327 authorize a group representative to act as the group's agent for the
328 purposes of this subdivision. Upon the administrator's approval of the
329 application, the administrator shall establish a group account for such
330 employers effective as of the beginning of the calendar quarter in
331 which the administrator receives the application and shall notify the
332 group's representative of the effective date of the account. Such
333 account shall remain in effect for not less than one year and thereafter
334 until terminated at the discretion of the administrator or upon
335 application by the group. Upon establishment of the account, each
336 member of the group shall be liable for payments in lieu of
337 contributions with respect to each calendar quarter in the amount that
338 bears the same ratio to the total benefits paid in such quarter that are
339 attributable to service performed in the employ of all members of the
340 group as the total wages paid for service in employment by such
341 member in such quarter bear to the total wages paid during such
342 quarter for service performed in the employ of all members of the
343 group. The administrator shall prescribe such regulations as he or she
344 deems necessary with respect to applications for establishment,
345 maintenance and termination of group accounts that are authorized by
346 this subdivision, for addition of new members to, and withdrawal of

347 active members from, such accounts, and for the determination of the
 348 amounts that are payable under this subdivision by members of the
 349 group and the time and manner of such payments.

350 (h) Subsections (a) to (g), inclusive, of this section shall first apply to
 351 benefits charged with respect to benefits paid in benefit years starting
 352 on or after June 30, 1975.

353 (i) Notwithstanding any other provision of the general statutes to
 354 the contrary, any employer, individual, organization, partnership,
 355 corporation or other legal entity which engages, in any manner, in
 356 contract construction activity in this state and which has its base of
 357 operations and is incorporated in another state, shall furnish to the
 358 administrator before beginning any such construction activity, a bond,
 359 with a surety or sureties satisfactory to the administrator, in an amount
 360 to be determined by the administrator. The administrator shall adopt
 361 regulations, in accordance with the provisions of chapter 54,
 362 establishing the method for computation of such bond amounts. The
 363 use of such bonds shall be limited to payment for any unpaid
 364 unemployment compensation contributions, interest and penalties due
 365 from such contractor and attributable to such contracted work.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>from passage</i>	31-225
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Statement of Purpose:

To require that government employers pay all of the money expended for extended unemployment insurance benefits for its employees who reach the need for such benefits to conform with federal law.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]